

SETTLEMENT AGREEMENT AND RELEASE

This Agreement is made and entered into the 22nd day of March, 2016, by and between Guess Community Services, Inc., and its predecessors, successors, parents, subsidiaries, managers, affiliates, assigns, officers, directors, employees, and agents (hereinafter referred to collectively as "GCS" or "Provider") and Sandhills Center for Mental Health, Developmental Disabilities and Substance Abuse Services (hereinafter referred to as "Sandhills Center").

WITNESSETH:

WHEREAS, Sandhills Center is a multi-county Local Management Entity and Managed Care Organization ("LME/MCO") responsible for the management and oversight of the publicly funded behavioral health and intellectual/developmental disability services and supports for people living in or whose Medicaid eligibility was established in the counties located within its catchment area, which includes Anson, Guilford, Harnett, Hoke, Lee, Montgomery, Moore, Randolph and Richmond counties; and

WHEREAS, Sandhills Center had contracted with GCS to deliver services in its catchment area and pursuant to said contract, must apply to be credentialed by Sandhills Center every three years; and

WHEREAS, during the re-credentialing process, Sandhills Center's Credentialing Action Committee (CAC) voted to terminate the contract with GCS for cause due to the unusually high number of quality of care concerns and complaints received by Sandhills Center during the past three (3) years; and

WHEREAS, GCS has disputed the circumstances surrounding the termination of its contract and appealed the action to terminate the contract; and

WHEREAS, there is a contested case currently pending in the North Carolina Office of Administrative Hearings (hereinafter referred to as "the Appeal"); and

WHEREAS, the parties have agreed to resolve the matter upon the terms and conditions set forth below;

NOW THEREFORE, for and in consideration of the mutual promises and covenants set forth below, and for other good and valuable consideration, the sufficiency of which is hereby acknowledged, the Parties, for themselves and their predecessors, successors, parents, subsidiaries, managers, affiliates, assigns, officers, directors, employees, agents, and attorneys agree as follows:

1. Sandhills Center agrees to re-credential GCS and reinstate the current contract with GCS without any lapse in coverage allowing the continual billing of services throughout the appeal and settlement process.

2. GCS agrees to require staff training on documentation and service definitions to be completed within six (6) months from the date of this contract. GCS may choose the vendor to provide the training, but must first receive prior approval from Sandhills Center. Certification of the training must be provided to Sandhills Center within one (1) week of the training being received.

3. GCS agrees to perform self-audits of records for correct billing and report to Sandhills Center the results quarterly for one (1) year from the date of this Agreement.

4. GCS agrees its Medical Director/Clinical Director will randomly perform chart reviews quarterly for one (1) year from the date of this Agreement to ensure staff is qualified and documentation is occurring according to the appropriate policies. Certification of compliance along with evidence that such reviews have occurred will be submitted to Sandhills Center within one (1) week of the review.

5. GCS agrees its Medical Director/Clinical Director will review a random sample of Comprehensive Clinical Assessments for accuracy of diagnoses and completeness of the assessments quarterly for one (1) year from the date of this Agreement. Certification of compliance along with evidence that such reviews have occurred will be submitted to Sandhills Center within one (1) week of the review.

6. GCS agrees to file a notice of dismissal with prejudice of the Appeal with the North Carolina Office of Administrative Hearings within five (5) days of the execution of this Agreement.

7. Sandhills Center reserves the right to impose further sanctions, up to and including termination of the contract, should GCS fail to comply with its obligations under this Agreement. Sandhills Center agrees to provide written notice of any failure to adhere to this contract prior to taking such action and to offer appeal rights, if required.

8. All attorneys' fees, costs or expenses related to all matters described herein shall be borne by each of the parties individually and no claim for such fees, costs or expenses shall be made.

9. The terms of this Agreement shall not be deemed to be an admission of liability by either party, but rather a compromise of the disputed claims made to avoid the uncertainty and expense of further litigation.

10. GCS, and its predecessors, successors, heirs and assigns, agents, servants, employees, officers and directors, and corporate, personal and litigation attorneys, hereby release, acquit and forever discharge Sandhills Center and its employees, officers and directors, of and from any and all claims, actions or causes of action, demands, damages, costs, judgments, expenses, liabilities, attorneys' fees and legal costs, whether known or unknown, whether in law or in equity, whether in tort or in contract, of any kind or character, which it now has, or might otherwise have, against Sandhills Center, arising out of or related to the termination of its contract, all to the end that all claims or matters that are, or might be, in controversy, between the parties are forever put at rest. This release does not encompass any appeal rights, if any, related to outstanding claims for services provided by GCS during the new contract term.

11. If administrative or legal action is pursued in the future by any third party or entity, including the Federal Government, against Sandhills Center, the terms of this Settlement Agreement shall not be construed to estop or otherwise preclude Sandhills Center from pursuing any claims or raising any issues which would be available in the absence of the settlement embodied within this Agreement. In such event, Provider would also not be estopped or precluded from pursuing any defenses or raising any issues which would be available in the absence of this settlement. Furthermore, Sandhills Center expressly reserves the right to take appropriate action in the event that a third party or other entity, including the Federal Government or the North Carolina Medicaid Fraud Investigations Unit of the North Carolina Attorney General's Office, initiates legal or administrative action based on evidence or allegations of fraud or other illegal conduct on the part of the Provider with respect to the care or services provided to patients involved in this matter. Nothing in this Agreement shall be construed to prevent the Federal Government or the North Carolina Medicaid Fraud Investigations Unit of the North Carolina Attorney General's Office from independently taking any action in the future against Provider. In such event, the Provider does not waive and expressly reserves any and all administrative or legal rights to challenge any such action.

12. This Agreement constitutes the entire understanding and agreement between the parties with respect to this subject matter hereof, and this Agreement supersedes any and all other prior agreements and drafts regarding the subject matter hereof. This Agreement may not be amended or modified except by a writing signed by both of the parties or their duly authorized representatives.

13. The parties hereby warrant that no representations about the nature or extent of any claims, demands, damages, or rights that they have, or may have, against one another have been made to them, or to anyone acting on their behalf, to induce them to execute this Agreement, and they rely on no such representations; that they have fully read and understood this Agreement before signing their names; and that they act voluntarily and with full advice of counsel.

14. In the event for any reason that any provision or portion of this Agreement shall be found to be void or invalid, then such provision or portion shall be deemed to be severable from the remaining provisions or portions of this Agreement, and it shall not affect the validity of the remaining portions, which portions shall be given full effect as if the void or invalid provision or portion had not been included herein.

15. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, and all of which together shall constitute one instrument.

16. This Agreement shall be construed under the laws of the State of North Carolina, and any dispute that may later arise with respect to any term or provision of this Agreement shall be resolved in the General Court of Justice, Moore County, Superior Court Division, it being the clear intent of the parties hereto to consent to such jurisdiction and venue.

17. This Agreement contains the full understanding of the parties. Any modifications or addendums to this Agreement must be in writing and executed with the same formality as this Agreement.

18. Should any portion of this Agreement require judicial interpretation, it is agreed that the Court or Tribunal construing the same shall not apply a presumption that the terms hereof shall be more strictly construed against any one party by reason of the rule of construction that a document is to be more strictly construed against the party who prepared the documents.

IN WITNESS WHEREOF, we have hereunto set our hands and seals on the date first above written.

Guess Community Services, Inc.

By: *Rebecca Dunn, Accountant* Date: 3/22/16
Guess Community Services, Inc.

SANDHILLS CENTER FOR MH/DD/SAS

By: *Cathy D. Parry, M.D.* Date: 3/29/16